

Twitter Thread by Nitin R



Nitin R

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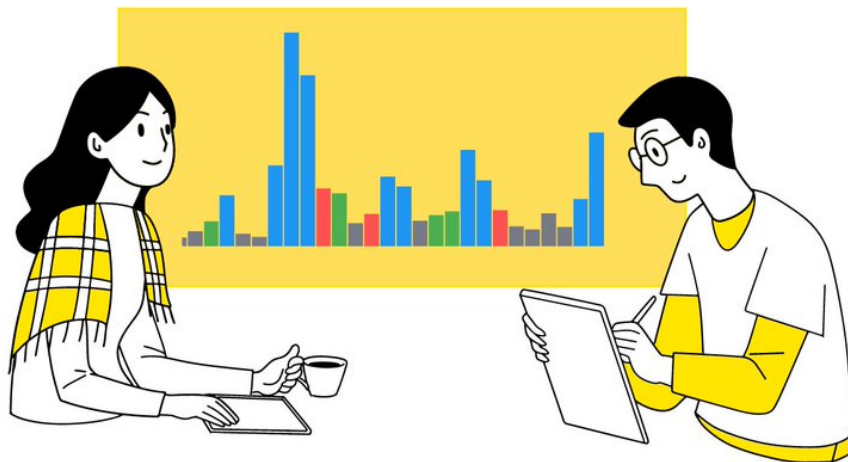
The time has finally arrived to simplify how we use the volume indicator on our charts. With a Tradingview script at the end, here is a thread on what “simple” volumes are, & how to use them: ■



SIMPLIFYING VOLUMES



@finallynitin

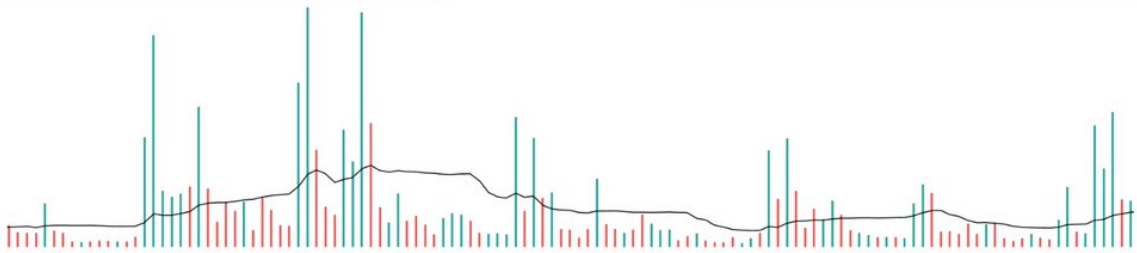


The conventional volume indicator is full of ‘noise’ in that all volume bars are given the same importance. Color & size are the two informations they provide. But this information is “across the board”, irrespective of when it’s important enough or not.

Conventional volume indicator

All volume bars are given the same importance "across the board", irrespective of their importance.

A moving average of the volume helps filter out above-average volumes as significant ones.

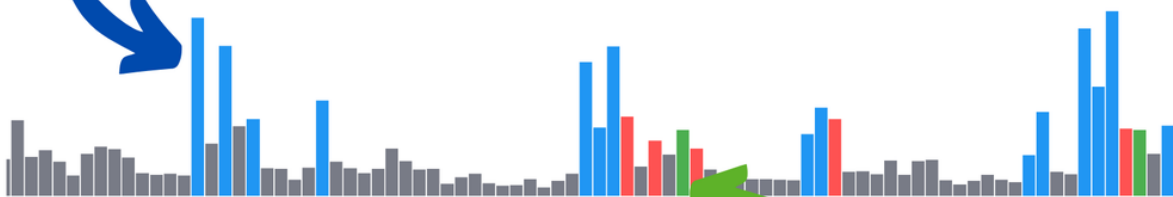


The Simple volume indicator is minimalistic, in that it strips away the conventional volume indicator from a lot of "noise", & help narrow our focus on actionable volume bars only. It displays only 3 type of volume bars prominently: blue, green & red.

Simple volume indicator

1

Blue bars: Pocket Pivot Volumes (PPV), that is an up-day volume which is greater than the highest down-day volume of the last 10 down-days.



2

Red bars: Down-day volumes that are greater than 50-period moving average of the volume.

3

Green bars: Up-day volumes that are greater than 50-period moving average of the volume.

Other than these 3, all other volumes are "noise" & need not be kept into any actionable consideration. All these inconsequential bars are grey. Moving average of the volume is also purposely hidden, as the grey bars themselves are indication of a below-average volume.

Ignore the noise!



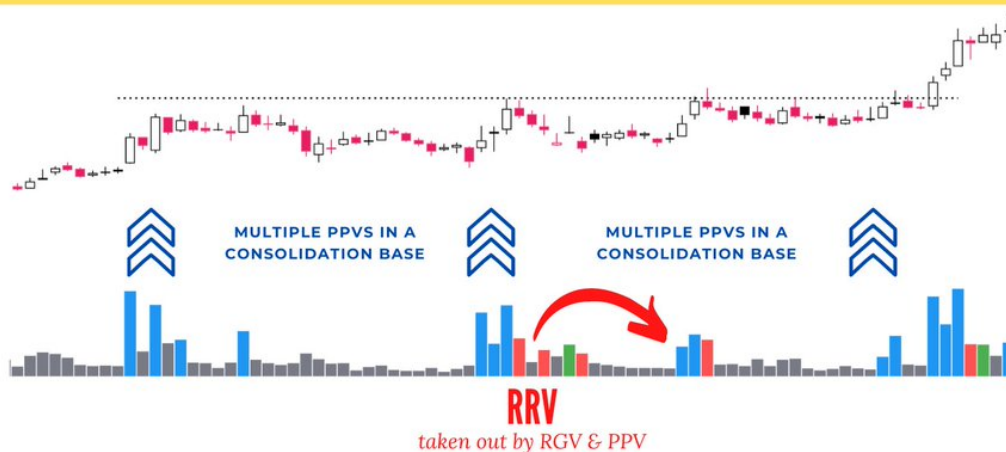
Rather than looking at each bar & comparing it to the overlying moving average line, the color scheme itself is self-explanatory, & devoid of distractions.



While initiating a long entry, we need to look out for only these 3 volume bars, & arrive at our decision. PPVs are the best indicator of institutional accumulation. Multiple PPVs in a consolidation base, & in a breakout candle are very bullish signals.

RRV, RGV & PPV!

RRV (recent red volumes) are indicative of unconsumed supply. Either the highs of those red days be taken out, or these RRVs be succeeded later by PPVs or higher RGVs (recent green volumes).



Here is the link of the Tradingview script for Simple volumes:

<https://t.co/vv9Hrrajjd>

Hope you find this useful. If you'd like to read this thread as a newsletter, find it here:

<https://t.co/y801M17j9R>